990

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MID-SESSION REVIEW OF THE BUDGET

July 18, 1989

PrEx 2.31:

READEX FICHE best copy available

TABLE OF CONTENTS

	Page
Introduction	1
I. The Budget Outlook	2
II. Economic Assumptions	5
III. Receipts	7
IV. Outlays	8
V. Budget Authority	12
VI. Credit Budget	13
VII. Gramm-Rudman-Hollings Baseline	16
VIII. Summary Tables	21

GENERAL NOTES

1. All years referred to are fiscal years unless otherwise noted.
2. All totals in the text and tables include on-budget and off-budget spending and receipts unless otherwise noted.
3. Details in the tables and text may not add to totals because of rounding.

LIST OF TABLES

Table	*Title*	*Page*
1.	Mid-Session Review: Budget Totals	4
2.	Mid-Session Review: Economic Assumptions	6
3.	Mid-Session Review: Change in Receipts	7
4.	Mid-Session Review: Change in Outlays—"President's Policy"	11
5.	Mid-Session Review: Change in Budget Authority—"President's Policy"	12
6.	Mid-Session Review: Change in Credit Budget Totals	15
7.	Mid-Session Review: Change in G-R-H Baseline for 1990	17
8.	Mid-Session Review: Sequestration Calculations for 1990	19
9.	Mid-Session Review: Outlays for Mandatory and Related Programs Under Current Law	21
10.	Mid-Session Review: Estimated Spending from End of 1990 Balances of Budget Authority: Nonmandatory Programs	22
11.	Mid-Session Review: Receipts by Major Source	23
12.	Mid-Session Review: Outlays by Agency	24
13.	Mid-Session Review: Outlays by Function	25
14.	Mid-Session Review: Budget Authority by Agency	26
15.	Mid-Session Review: Budget Authority by Function	27
16.	Mid-Session Review: New Direct Loan Obligations by Agency	28
17.	Mid-Session Review: New Guaranteed Loan Commitments by Agency	28
18.	Mid-Session Review: 1990 G-R-H Baseline Estimates by Agency	29
19.	Mid-Session Review: 1990 G-R-H Baseline Estimates by Function	30
20.	Mid-Session Review: 1990 Proposed Asset Sales	31
21.	Mid-Session Review: Federal Government Financing and Debt	32

INTRODUCTION

An annual Mid-Session Review of the Federal budget has been required since the Legislative Reorganization Act of 1970. Later legislation has expanded the information required to be included in the Mid-Session Review, most recently the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (commonly known as the Gramm-Rudman-Hollings Act, or G-R-H).

Consistent with the amended law, this document, prepared by the Office of Management and Budget, updates the budget for:

- changes in economic assumptions (described at page 5);
- changes in technical estimates of receipts and outlays (discussed at pages 7 and 9);
- enacted legislation (discussed at page 10); and
- changes in Presidential policy, which now reflects the Bipartisan Budget Agreement for 1990 (discussed at page 8).

As required by law, the Mid-Session Review also updates the G-R-H baseline outlays, receipts and deficit in light of changed economic assumptions, technical reestimates, enacted legislation, promulgated regulations, and other policy actions (page 16).

I. THE BUDGET OUTLOOK

In February the President presented a budget plan for 1990 modifying the budget of the outgoing Reagan Administration. Shortly after release of that document the Administration began budget negotiations with the bipartisan leadership of Congress. In April, those negotiations resulted in the Bipartisan Budget Agreement. The agreement established specific 1990 levels for budget authority and outlays for defense, international programs and domestic discretionary programs. It also specified deficit reductions to be achieved through reforms in several mandatory programs, user fees, asset sales and revenue measures.

Under the revised economic assumptions and technical estimates in this document, full implementation of the budget agreement by the Administration and Congress and enactment of the Administration's Financial Institutions Reform legislation would produce a deficit for 1990 of an estimated $99.2 billion. This would be a reduction of $28.8 billion from the revised G-R-H baseline deficit of $128.1 billion.

However, the current status of Congressional committee action on the reconciliation instructions stemming from the Congressional Budget Resolution (which in turn reflected the April budget agreement) suggests that compliance is lagging. While some committees are moving to achieve their mandated savings, difficulties have been encountered in such areas as postal reform, agricultural policy reform, and user fees. There remains significant uncertainty in other areas—including important areas that are not subject to reconciliation, such as the Financial Institutions Reform Act.

A rough estimate of the current Congressional path suggests a deficit of slightly more than $110 billion with the updated economic and technical assumptions in this document. Such a deficit would be above the G-R-H trigger level and would require automatic spending reductions, termed a sequester. In reality, it is unlikely that the "Current Congressional Path" will be what Congress actually follows. If there is partial slippage, it is likely to degenerate into substantial slippage, and the deficit would be worse than $110 billion. If, on the other hand, there is a reasonable disposition toward compliance with the Budget Resolution, it is likely to result in substantial compliance—and the expected deficit would move closer to the "President's Policy" deficit.

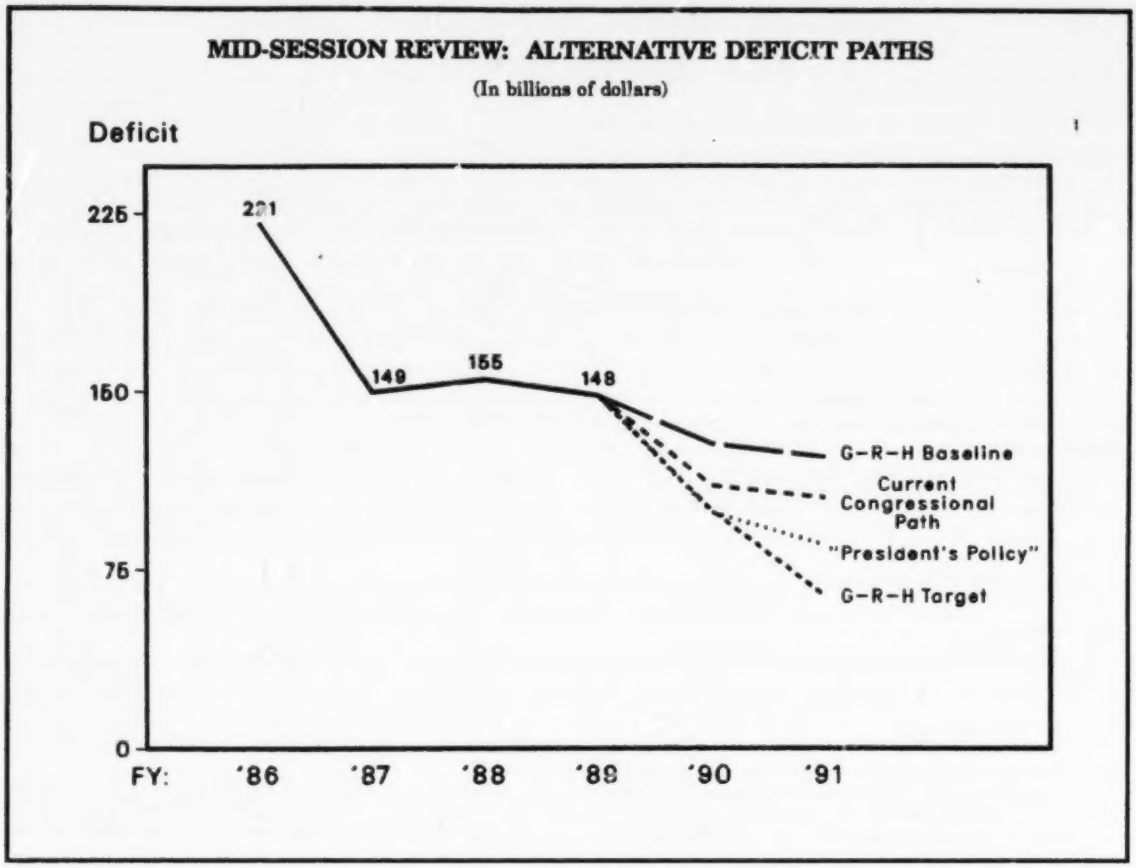
MID-SESSION REVIEW: DEFICITS, 1986–1991

(In billions of dollars)

	1986	1987	1988	1989	1990	1991
Actual [1]	221.2	149.7	155.1	148.3	—	—
G-R-H baseline	—	—	—	—	128.1	122.4
President's Policy (including asset sales)	—	—	—	—	99.2	85.4
President's Policy (excluding asset sales) [2]	—	—	—	—	105.0	38.0
Current Congressional path	—	—	—	—	110.5	105.3
G-R-H target	—	—	—	—	100.0	64.0
G-R-H target plus "cushion"	—	—	—	—	110.0	74.0

[1] Estimated deficit for 1989.

[2] Asset sales must be excluded in sequester calculations.



The Administration is hopeful that in the coming days all the committees involved will take the actions necessary to meet their responsibilities, and that legislation will be enacted so that a sequester can be avoided in 1990 and the G-R-H deficit target for 1991 will be within manageable striking distance.

Consistent with law, the Mid-Session Review projects outlays, receipts and deficits for the current year, the budget year and the four subsequent years. Table 1 shows budget totals for 1989 through 1994 compared with estimates in the February budget and with the G-R-H deficit targets.

Table 1.—MID-SESSION REVIEW: BUDGET TOTALS [1]

(In billions of dollars)

	Receipts	Outlays	Deficit (–)
1988 actual	909.0	1,064.0	–155.1
1989 estimate:			
February estimate	979.1	1,143.2	–164.1
President's Policy (July estimate) [2]	995.9	1,144.1	–148.3
G-R-H target	N.A.	N.A.	–136.0
1990 estimate:			
February estimate	1,065.2	1,155.7	–90.5
President's Policy (July estimate) [2]	1,080.1	1,179.4	–99.2
G-R-H target	N.A.	N.A.	–100.0
1991 estimate:			
February estimate	1,147.1	1,208.2	–61.0
President's Policy (July estimate) [2]	1,151.8	1,237.2	–85.4
G-R-H target	N.A.	N.A.	–64.0
1992 estimate:			
February estimate	1,218.1	1,242.1	–24.0
President's Policy (July estimate) [2]	1,220.9	1,287.7	–66.7
G-R-H target	N.A.	N.A.	–28.0
1993 estimate:			
February estimate	1,286.1	1,277.3	8.7
President's Policy (July estimate) [2]	1,298.3	1,328.6	–30.3
G-R-H target	N.A.	N.A.	0.0
1994 estimate:			
February estimate	N.A.	N.A.	N.A.
President's Policy (July estimate) [2]	1,356.4	1,381.1	–24.7
G-R-H target	N.A.	N.A.	N.A.

N.A.—Not Applicable

[1] The "February estimates" reflect more detailed estimates of certain categories of spending than were provided in February. Supplementary detail was provided to the Congress in March and April.

[2] "President's Policy" is an analytic construct that reflects adjustments for the Bipartisan Budget Agreement and certain other adjustments (discussed in subsequent sections). It remains the President's intention to meet the G-R-H targets in the out-years. Additional proposals will be presented for 1991 and beyond in the FY 1991 budget, as required, in order to do so.

II. ECONOMIC ASSUMPTIONS

The economic assumptions used in the February estimates were essentially the Reagan Administration's, subject only to minor modifications by the incoming Bush Administration. The Mid-Session Review is based on revised assumptions. These reflect a more systematic examination than was possible early in the new Administration. The revised assumptions were developed by the Treasury, the Council of Economic Advisers, and OMB—known as "the Troika."

Since President Bush presented his February budget plan, the economy has continued its record peacetime expansion. It continues to grow. But the rate of growth has moderated. In the first quarter of calendar year 1989 real GNP increased at a 1.9 percent annual rate, excluding the boost provided by the assumed rebound in farm harvests to normal levels following last year's drought. Including this boost, real growth was 4.4 percent. (This compares with the 5.7 percent projected in February for the first quarter.) Over the four quarters of calendar 1989, real GNP is now assumed to increase 2.7 percent, 0.6 percentage points of which is due to the rebound from the drought. (This compares with 3.5 percent assumed in February.) Fourth-quarter-over-fourth-quarter real growth for 1990 is now forecast at 2.6 percent. (This compares with 3.4 percent in February.)

So far this year, the unemployment rate has averaged 5.2 percent, a 15-year low. The real GNP growth path suggests that the unemployment rate could average 5.4 percent in 1990.

Inflation in the first quarter, as measured by the GNP implicit price deflator, was at a 3.6 percent annual rate, exactly as projected in February. However, the Consumer Price Index (CPI), for which there are data available into the second quarter, is rising faster than projected earlier. This is primarily because of higher energy and food prices. Although inflation is projected to decline from its recent rate, it is expected to be somewhat higher than assumed in February. On a fourth-quarter-over-fourth-quarter basis, the GNP delfator is projected to rise 4.2 percent in 1989 and 4.1 percent in 1990, up from 3.7 percent and 3.5 percent for the two years in the February forecast.

Interest rates have fallen sharply recently, and long-term rates at the end of the second quarter were lower than projected in February. Short-term rates, though down from their recent peaks, were still higher than previously assumed. The revised economic assumptions project the interest rate on 91–day Treasury bills at an average of 8.0 percent in 1989 and 6.7 percent in 1990, compared with 7.4 percent and 5.5 percent for the two years in the February forecast. For 10–year Treasury notes the revised forecast is for an average rate of 8.5 percent in 1989, little changed from the 8.6 percent estimated earlier. For 1990, the long-term rate is forecast at 7.7 percent. (This compares with 7.2 percent in the earlier forecast.)

Details of the revised economic assumptions are shown in Table 2. The effects of the changes in economic assumptions on receipts and outlays are described in Sections III and IV.

Table 2.—MID-SESSION REVIEW: ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
Major economic indicators:							
Gross national product (percent change, fourth quarter over fourth quarter):							
Current dollars	7.2	7.1	6.8	7.2	6.8	6.4	6.0
Constant (1982) dollars	2.8	2.7	2.6	3.3	3.2	3.1	3.0
GNP deflator (percent change, fourth quarter over fourth quarter)	4.3	4.2	4.1	3.8	3.5	3.2	2.9
Consumer Price Index (percent change, fourth quarter over fourth quarter) [1]	4.2	4.9	4.1	3.8	3.5	3.2	2.9
Unemployment rate (percent, fourth quarter) [2]	5.3	5.3	5.4	5.3	5.2	5.1	5.0
Annual economic assumptions:							
Gross national product:							
Current dollars:							
Amount	4,864	5,227	5,573	5,973	6,390	6,809	7,228
Percent change, year over year	7.5	7.5	6.6	7.2	7.0	6.6	6.1
Constant (1982) dollars:							
Amount	3,996	4,111	4,207	4,339	4,479	4,620	4,760
Percent change, year over year	3.9	2.9	2.3	3.1	3.2	3.1	3.0
Incomes:							
Personal income	4,062	4,403	4,674	4,985	5,302	5,615	5,931
Wages and salaries	2,437	2,634	2,803	3,007	3,216	3,423	3,625
Corporate profits before tax	307	342	377	429	472	528	564
Price level:							
GNP deflator:							
Level (1982=100), annual average	121.7	127.2	132.5	137.7	142.7	147.4	151.8
Percent change, year over year	3.5	4.5	4.2	3.9	3.6	3.3	3.0
Consumer Price Index: [1]							
Level (1982–84=100), annual average	116.9	122.8	128.0	133.0	137.8	142.4	146.6
Percent change, year over year	4.0	5.0	4.2	3.9	3.6	3.3	3.0
Unemployment rates:							
Total, annual average [2]	5.4	5.2	5.4	5.3	5.2	5.1	5.0
Insured, annual average [3]	2.1	2.1	2.1	2.0	1.9	1.9	1.8
Federal pay raise, January (percent):							
Military	2.0	4.1	3.6	3.2	3.0	3.0	3.0
Civilian	2.0	4.1	2.0	3.0	2.8	2.3	1.8
Interest rate, 91-day Treasury bills (percent) [4]	6.7	8.0	6.7	5.3	5.0	4.7	4.4
Interest rate, 10-year Treasury notes (percent)	8.8	8.5	7.7	6.8	6.0	5.7	5.4

[1] CPI for urban wage earners and clerical workers. Two versions of the CPI are published. The Index shown here is that currently used, as required by law, to calculate automatic cost-of-living increases for indexed Federal programs.

[2] Percent of total labor force, including armed forces residing in the U.S.

[3] This indicator measures unemployment under state regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

[4] Average rate on new issues within period, on a bank discount basis.

III. RECEIPTS

The current estimate of receipts in both 1989 and 1990 is higher than the February estimate. The principal reason for the higher estimate is that actual tax collections to date in 1989 are above what had been expected. This is reflected in the table as "technical reestimates." Revised economic assumptions also increase receipts (slightly) because nominal GNP is now estimated to be higher in 1989 and 1990 than the earlier forecast. This is the net result of higher inflation and lower real growth.

Table 3.—MID-SESSION REVIEW: CHANGE IN RECEIPTS

(In billions of dollars)

	1989	1990
February estimate	979.1	1,065.2
Changes due to:		
Economic assumptions	3.6	4.8
Technical reestimates	13.2	9.9
Policy (IRS compliance measures)	—	0.2
Total changes	16.8	15.0
Mid-Session estimate	995.9	1,080.1

As noted, the technical revisions reflect collection experience to date. Final settlements of 1988 individual income tax liability were higher than anticipated. The 1990 estimates have also been revised to take account of these results.

IV. OUTLAYS

The current outlay estimate for 1989 is $1,144.1 billion, $1.0 billion above the February estimate.

For 1990 the outlay estimates reflect the Bipartisan Budget Agreement announced in April, along with changes due to revised economic assumptions and technical reestimates. Total outlays, assuming full implementation of the budget agreement, are estimated at $1,179.4 billion, $23.7 billion higher than in the February Budget.

Policy Changes

Policy changes include those embodied in the Bipartisan Budget Agreement and others made independently of the agreement.

For 1990 the Agreement is incorporated in full as part of "President's Policy." For the 1991–94 period the estimates assume a return to the President's February proposals, in the following manner:

- For Defense military functions, budget authority and outlays return to the February levels starting in 1991. Atomic energy defense activities are at higher levels than in February, reflecting increased resources for waste cleanup.
- For International Affairs, the 1990 levels, which are slightly below February, are increased each year by the same percentage as in the February budget.
- For mandatory programs, where the budget agreement differs from the February proposals, the original February proposals are again included, with a one-year lag.
- For domestic discretionary programs, taken in the aggregate, budget authority returns gradually to the original February path, reaching it by 1992, and outlays return to the original path by 1994.

Two changes in policy affect outlays for national defense in 1989 and 1990. First, the February estimate of national defense outlays was based on an assumption that defense budget authority for 1990 would be held constant in real (inflation-adjusted) dollars at the 1989 level. The current estimates reflect the lower budget authority assumed in the budget agreement. This reduces 1990 outlays by an estimated $1.4 billion. Second, the decision by the Secretary of Defense (in accordance with specially applicable law) to avoid unnecessary hardship to military families by paying military personnel on Friday, September 29th, the last work-day of 1989, instead of in October, as previously assumed, increases 1989 outlays and reduces 1990 outlays by $2.9 billion.

The Mid-Session estimates include an increase over the February levels in 1991–1994 for Department of Energy (DOE) waste clean-up activities. The amount of the increase is based on preliminary information developed for the Department's 5–Year Plan, which will be released in draft next month for public comment. The revised budget estimates will provide funding for activities necessary to avoid near term adverse impacts on workers, the public and the environment; to comply with DOE agreements with States; and to comply with regulations and DOE orders. These preliminary estimates will be subject to additional review and revision, based on comments received as a result of public review, as well as additional analysis of priorities and costs. They are not expected to have significant effect on 1989 or 1990 outlays.

Consistent with the Bipartisan Budget Agreement the Mid-Session estimates do not assume implementation of repayment reform for DOE's Power Marketing Administrations in 1990. The postponement of this initiative results in an increase in 1990 outlays of $1.0 billion. Repayment reform is included in the outyear estimates.

The Administration has postponed its proposed lease sale of oil and gas exploration and development on Federal lands in Alaska's Arctic National Wildlife Refuge (ANWR). The delayed sale reduces receipts, which offset outlays, and raises net outlays for 1990 by $2.1 billion.

The Administration's proposal to base the Government's contribution for employee health benefits on the weighted average premium of all health plans instead of the current formula is now proposed to begin in 1991 instead of 1990. Since the current formula (based on six plans identified in 1972) is more costly, this increases outlays by $0.9 billion in 1990.

The February estimates included a variety of reforms to restrain the growth of outlays in the medicare program. The current estimates incorporate the budget agreement savings for medicare, which provide for less reform than was envisioned in February, thereby raising outlays by $1.9 billion.

Outlays in 1990 for Federal retirement programs now reflect only the savings from changes in lump-sum payments assumed in the budget agreement. The Administration's budget proposals to freeze cost-of-living adjustments (COLA) for one year for Federal retirement programs, to revise the COLA formula to make it consistent with the new Federal Employees' Retirement System, and to discontinue lump-sum payments are assumed to be postponed for one year. This increases outlays by $2.9 billion in 1990.

Net proceeds from physical and loan asset sales proposed in the Bush budget were $3.6 billion. The current estimates include sufficient asset sales to meet the budget agreement level of $5.7 billion, thereby reducing net outlays by $2.1 billion in 1990. Further details on asset sales are provided at Table 20. (*Note:* there are legislative impediments that would block many of the proposed asset sales. The administration will continue to seek the removal of these impediments. Asset sales are not included in G-R-H deficit calculations.)

The budget agreement provided for a level of domestic discretionary budget authority and outlays higher than in the President's February budget. The estimated increase of $4.6 billion in outlays, compared to February, will be spread over numerous individual programs, with details determined by the appropriations process.

Economic Assumptions

As noted in Section III, the economic assumptions now project somewhat higher inflation and short-term interest rates than in February. There are also small changes in the projected unemployment rate. These changes affect outlays.

A lower unemployment rate than previously assumed for this year causes estimated outlays for unemployment compensation benefits to decline by $0.2 billion in 1989. For 1990, the unemployment rate is assumed to be higher than originally estimated, raising outlays by $1.2 billion.

The February estimates assumed that social security recipients would receive a 3.6 percent cost-of-living adjustment in 1990. Under current economic assumptions, this cost-of-living adjustment will be 5.0 percent, raising estimated 1990 outlays by $2.4 billion. Higher inflation and unemployment assumptions also cause outlays to increase by $0.9 billion in 1990 for food stamps.

Higher short-term interest rates than those previously assumed increase estimated outlays for net interest by $1.5 billion in 1989 and by $4.6 billion in 1990. Higher rates also increase outlays for the guaranteed student loan program by $0.2 billion in 1989 and by $0.5 billion in 1990.

Technical Reestimates

Technical changes result from factors such as revised crop forecasts, changes in caseloads for entitlement programs, and other conditions different from those previously assumed.

Net outlays for the exchange stabilization fund (ESF) are lower by $0.7 billion in 1989 and $0.3 billion in 1990. This is largely due to an increase of interest earnings on ESF assets (including interest on non-dollar-denominated securities).

Estimated outlays of the Federal Savings and Loan Insurance Corporation (FSLIC) under current law have been revised downward by $0.2 billion in 1989 and have been raised $13.1 billion in 1990.[1] The 1990 increase is due to an assumed extension of the 1989 pattern of case resolution in 1990, as well as the incorporation into the current law baseline of the multi-year impacts of last December's sizable FSLIC activity (the 1989 estimate already reflected the December 1988 activity) and lower insurance premium income due to slower growth in the amount of deposits insured by the FSLIC. Higher estimates of the number and costs of bank failures raise estimated outlays of the Federal Deposit and Insurance Corporation by $0.5 billion in 1989 and $3.2 billion in 1990.

Outlays for the Federal Housing Administration fund are lower by $0.2 billion in 1989 and higher by $0.8 billion in 1990. A delay from 1989 to 1990 in payments to the Government National Mortgage Association for multi-family coinsurance program losses and reduced premium income due to lower levels of activity largely explain the reestimates.

The February estimate of outlays for medicaid were based on August 1988 State estimates of spending. More recent State estimates (May 1989) indicate that medicaid outlays will be higher by $0.4 billion in 1989 and $1.5 billion in 1990.

Net medicare outlays are lower by $0.6 billion in 1989 and higher by $0.6 billion in 1990. Decreases for supplementary medical insurance (SMI) have been offset by increases for hospital insurance (HI). Within SMI, the largest changes are decreases in expenditures for outpatient and group practice services, as more current data allowed improved estimates of these fast-growing services. The HI increases reflect more recent expenditure data and delays in issuance of regulations that would save outlays, principally in payments for medical education.

An $0.8 billion upward reestimate to the Food Stamp program in 1990 results from increased participation and a modification to the methodology used to measure how various economic assumptions affect program costs.

Estimates of the receipts from the issuance of licenses through a competitive bidding process for the exclusive right to use the unassigned non-broadcast spectrum have been reduced by $1.8 billion to bring them into conformance with assumptions in the Budget Resolution. Since these receipts are recorded as offsets to outlays, the effect is to increase net outlays in 1990.

Enacted Legislation

Since February the Congress has enacted three bills that affect outlays.

The Dire Emergency Supplemental Appropriation Act, which provided funding for veterans medical care and other priority needs, increased estimated outlays by $0.7 billion in 1989 and $0.5 billion in 1990. (This is the amount by which estimated outlays exceed the February estimate of supplemental appropriations.)

Public Law 100–7 changed support prices for nonfat dry milk and butter, thus reducing spending for the Commodity Credit Corporation dairy program by $11 million in 1989 and $23 million in 1990.

---

[1] Passage of the Financial Institutions Reform legislation would decrease 1990 outlays for FSLIC by $12.9 billion, net, from current law levels. The reason for the decrease is that outlays financed by new budgetary offsetting collections from the Resolution Funding Corporation will replace outlays financed under current law by FSLIC notes and borrowings. This decrease would be partly offset by $1.3 billion of Treasury payments of REFCORP bond interest. FIRREA's passage would also reduce FDIC outlays in 1990 by $0.9 billion from current law levels as a result of higher insurance premiums paid by FDIC-insured banks.

Public Law 100–14 implemented the bipartisan accord on Central America, which provided non-military aid to the Nicaraguan resistance forces, and increased outlays by $23 million in 1989 and $29 million in 1990.

Table 4.—MID-SESSION REVIEW: CHANGE IN OUTLAYS—"PRESIDENT'S POLICY"

(In billions of dollars)

	1989	1990
February estimates	1,143.2	1,155.7
Changes:		
Policy:		
National defense	3.0	–4.3
Power Marketing Administrations	—	1.0
Lease of ANWR	—	2.1
Federal employees health benefits	—	0.9
Medicare	*	1.9
Federal retirement	—	2.9
Physical and loan asset sales	—	–2.1
1989 Supplemental	0.7	0.5
Other domestic discretionary appropriations (BBA and Admin. amendments)	—	4.6
Other	0.1	–1.0
Debt service [1]	*	0.5
Subtotal, policy	3.8	7.0
Economic assumptions:		
Guaranteed student loans	0.2	0.5
Unemployment compensation	–0.2	1.2
Food stamps	—	0.9
Social security	*	2.4
FSLIC:		
Existing law	—	0.2
Proposed	—	–0.3
Resolution Funding Corporation	—	–0.1
Other	–0.2	0.8
Net interest:		
Interest rate effect	1.5	4.6
Debt service [1]	*	0.6
Subtotal, economic	1.3	10.8
Technical reestimates:		
Exchange stabilization fund	–0.7	–0.3
FSLIC:		
Existing law	–0.2	13.1
Proposed	—	–11.9
Resolution Funding Corporation	–0.5	—
Federal Deposit Insurance Corporation	0.5	3.2
Federal Housing Administration fund	–0.2	0.8
Medicaid	0.4	1.5
Medicare	–0.6	0.6
Food stamps	0.2	0.8
FCC unassigned spectrum	—	1.8
Other	–2.0	–1.1
Net interest:		
Direct technical reestimates	–1.0	–0.6
Debt service [1]	–0.2	–1.9
Subtotal, technical	–4.2	6.0
Subtotal, changes	1.0	23.7
Mid-Session estimate	1,144.1	1,179.4

[1] Includes effects of changes to both receipts and outlays.

236-289 0 - 89 - 2 QL 3

V. BUDGET AUTHORITY

The current estimate of budget authority for "President's Policy" in 1990 is $1,342.7 billion, which is $22.4 billion more than the February estimate. The changes for 1989 and 1990 are shown in Table 5. They are primarily for the same programs and for the same reasons as are described in the outlays section. The major exceptions are trust funds, for which changes in budget authority generally reflect changes in income to the funds. For example, revisions in projected wages and salaries have increased estimates of social security tax receipts, thereby raising budget authority for the social security trust funds. Another exception is the Administration's proposed crime initiative, which increases budget authority by $1.2 billion in 1990. Since this initiative is largely for prison construction, most of the spending would occur in later years, and therefore is not mentioned in the outlays section.

Table 5.—MID-SESSION REVIEW: CHANGE IN BUDGET AUTHORITY—"PRESIDENT'S POLICY"

(In billions of dollars)

	1989	1990
February estimate	1,275.7	1,320.3
Changes:		
Policy:		
National defense	—	−3.7
Lease of ANWR	—	2.1
Federal employees health benefits	—	1.0
Medicare	*	−2.0
1989 Supplemental	1.0	—
Crime initiative	—	1.2
Other domestic discretionary appropriations (BBA and Admin. amendments)	—	13.8
Other	0.7	−0.5
Net interest	*	0.5
Subtotal, policy	1.7	12.3
Economic assumptions:		
Guaranteed student loans	0.2	0.6
Unemployment	−0.2	0.5
Food stamps	—	0.9
Medicare	0.3	1.1
Social security	0.9	2.3
Other	−0.3	0.8
Net interest	1.5	5.1
Subtotal, economic	2.4	11.3
Technical reestimates:		
FSLIC	0.8	1.2
FDIC	−*	1.5
Federal Housing Administration fund	−0.2	0.6
Medicaid	0.4	1.5
Medicare	−0.4	−3.7
Food stamps	0.2	0.8
Social security	−3.3	−4.2
FCC unassigned spectrum	—	1.8
Other	−2.9	1.7
Net interest	−1.2	−2.4
Subtotal, technical	−6.5	−1.2
Subtotal, changes	−2.4	22.4
Mid-Session estimate	1,273.3	1,342.7

* Less than $50 million.

VI. CREDIT BUDGET

The Federal credit budget records and controls the volume of new direct loans and loan guarantees extended to borrowers. It supplements the unified budget. Unlike the unified budget, the credit budget measures new credit at the point where the Government contracts to provide a direct loan or loan guarantee. Guaranteed loan commitments are recorded as the full principal of the loan even if the Government's contingent liability is less than the full loan principal. The credit budget focuses on the volume of Federal loans and guarantees, not their impact on the unified budget or their subsidy to assisted borrowers. (The unified budget includes in outlays: direct loan disbursements net of repayments, and loan guarantee fees net of defaults. The Administration has proposed to revise the unified budget in order to reflect credit risks and subsidies better; but such revisions are not treated here.)

As Table 6 shows, the credit budget totals are now estimated to be $116.9 billion in 1989 and $122.1 billion in 1990. The current estimates are $13.0 and $1.9 billion, respectively, below the February estimates. These changes are primarily due to technical reestimates.

Direct Loan Obligations

Total direct loan obligations in 1989 are now estimated to be $16.6 billion, $0.4 billion below the February estimate. For 1990, the current estimate is $12.5 billion, $0.3 billion greater than the February estimate.

Policy Changes

The 1990 Export-Import Bank direct loan program level has increased by $0.5 billion over the February level to reflect the President's policy. These loans will support U.S. exporters and help the Administration in its continuing international negotiations to limit export credit subsidies.

Technical Reestimates

Technical changes result from revised estimates of the demand for various loan programs. In comparison to the February levels, these changes reduce direct loan obligations by $0.4 billion in 1989 and $0.2 billion in 1990.

The current estimate for agricultural credit insurance fund loans is $0.6 billion below the February estimate for 1989 and $0.2 billion below for 1990. These reestimates reflect a reduced demand for emergency disaster loans and loans made to finance the sale of property acquired through defaults.

Estimated commodity price support and related loans are $1.4 and $0.2 billion above February for 1989 and 1990, respectively. These technical reestimates reflect revisions in the June 1989 supply and demand projections in comparison to the November 1988 projections, which were used to prepare the February estimates.

Because of technical changes, the current estimate for rural electrification and telephone loans is $0.9 billion below February for 1989.

Guaranteed Loan Commitments

Guaranteed loan commitments are now estimated to be $100.3 billion for 1989 and $109.5 billion for 1990. These levels reflect a decline of $12.6 billion from the February estimate for 1989 and a decline of $2.2 billion for 1990.

Policy Changes

The Administration has recently proposed legislation to prevent a major abuse of the guaranteed student loan program. Under the proposed legislation, students without high school degrees would not be eligible for loans unless they could demonstrate, through the passage of a test, their ability to benefit from a postsecondary educational program. Currently, schools make the determination of who is eligible to enroll and thereby participate in the loan program. Since some schools admit individuals who do not possess the necessary skills, many of these students drop out early and default on their loans. This reform reduces estimated 1990 loan commitments by $0.3 billion below the February estimate.

Technical Reestimates

Owing to technical changes, guaranteed loan commitments are $12.6 billion below the February estimate for 1989 and $1.9 billion below for 1990.

The current estimate for the agricultural credit insurance program is $1.9 billion below the February estimate for 1989. This decrease reflects a new projection for the level of program participation.

A reduction in the estimated level of authorized prepayments to be financed by loan guarantees has caused the current estimate of guarantees for the rural electrification and telephone credit program to be $0.2 billion below the February estimate for 1989. These prepayments are now expected to occur in 1990, increasing the estimate of guaranteed loans by $0.2 billion.

Guaranteed student loan commitments are projected to be below the February estimate by $0.2 billion for both 1989 and 1990 as a result of reduced demand.

Federal Housing Administration fund loans are estimated to be $8.8 billion below the February estimate for 1989 and $1.2 billion below the February estimate for 1990. These decreases are the result of a slowdown in housing starts and resales as well as the increases in interest rates that occurred during the Spring.

Estimates of Federal assistance to the Farm Credit System, provided through guarantees of Financial Assistance Corporation debt, have been reduced by $0.4 billion for 1989 and by $0.2 billion for 1990. These reestimates are the result of better than expected performance by the Farm Credit System banks.

The level of VA-guaranteed loans is estimated to be $1.1 billion below the February estimate for 1989 and $0.5 billion below for 1990. These reestimates reflect what are believed to be improved techniques for projecting the level of program participation.

Table 6.—MID-SESSION REVIEW: CHANGE IN CREDIT BUDGET TOTALS

(In billions of dollars)

	1989	1990
Direct loan obligations:		
February estimate	16.9	12.3
Policy changes:		
Export-Import Bank	—	0.5
Technical reestimates:		
Agricultural credit insurance fund	–0.6	–0.2
CCC commodity loans	1.4	0.2
Rural electrification and telephone loans	–0.9	—
Other	–0.3	–0.2
Subtotal	–0.4	–0.2
Mid-Session estimate, direct loan obligations	16.6	12.5
Guaranteed loan commitments:		
February estimate	112.8	111.7
Policy changes:		
Guaranteed student loans	*	–0.3
Technical reestimates:		
Agricultural credit insurance fund	–1.9	—
Rural electrification and telephone loans	–0.2	0.2
Guaranteed student loans	–0.2	–0.2
Federal Housing Administration	–8.8	–1.2
Farm Credit System Financial Assistance Corporation	–0.4	–0.2
VA loan guaranty fund	–1.1	–0.5
Subtotal, technical reestimates	–12.6	–1.9
Mid-Session estimate, guaranteed loan commitments	100.3	109.5
Total credit budget:		
February estimate	129.7	124.0
Total changes	–13.0	–1.9
Mid-Session estimate, total credit budget	116.9	122.1

*$50 million or less.

VII. GRAMM-RUDMAN-HOLLINGS BASELINE

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended, requires that the Mid-Session Review present an updated estimate of the baseline deficit as defined in the Act. Its economic and technical assumptions must be consistent with the estimates that will be used in the Initial Sequestration Report for 1990 to be submitted on August 25, 1989. This section provides a brief discussion of the current G-R-H baseline estimates; how the current baseline differs from the February estimates, certain technical assumptions underlying the estimates, and sequestration calculations for the current G-R-H baseline.

The baseline estimates have been prepared using the same economic assumptions as are used for the Mid-Session Review estimates of Presidential policy. These assumptions, which are presented at Table 2 above, are those that will be used by the Director of OMB in his Initial Sequestration Report for 1990.

The current baseline estimates incorporate laws enacted and regulations promulgated as final by July 10, 1989 and follow the specifications set forth in the Act. Baseline outlays for 1990 now are estimated to total $1,202.4 billion and receipts are estimated at $1,074.3 billion. The resulting deficit of $128.1 billion is $28.1 billion above the $100 billion target specified by the Act for 1990 and $18.1 billion above the level that would trigger automatic reductions, referred to as a sequester. (The law provides a $10 billion margin or "cushion" beyond the deficit target before a sequester is triggered.) The sequester calculations for the current baseline estimates are shown in Table 8. The uniform percentage reductions required under a $28.1 billion sequester would be 10.3 percent for nondefense programs subject to an across-the-board sequester and 7.5 percent for defense programs, assuming no Presidential exemption of military personnel accounts. The defense sequester would be 12.5 percent if the President decides to exempt those accounts.

The law requires a report on deficit reduction achieved since January. The baseline deficit based on laws in effect on January 1, 1989, is $127.1 billion, $0.9 billion lower than the current estimate. Thus, no net deficit reduction has been achieved since January 1, 1989 as a result of legislation and regulations. The recently enacted supplemental appropriations for 1989 (Public Law 101–45) increased the 1990 baseline deficit by $0.9 billion. Other enacted legislation and final regulations issued for the guaranteed student loan program decrease the baseline deficit by less than $50 million. The estimate of net deficit reduction will be revised for the Initial Sequestration Report to reflect further legislative and regulatory action occurring through August 15, 1989, the "snapshot date" for that report.

The Administration supports enactment of legislation that fully implements the Bipartisan Budget Agreement reached in April. If adhered to, this agreement would result in a deficit that avoids a sequester. A substantial breach of the bipartisan budget levels—or a failure to enact responsible Financial Institutions Reform—would keep the final 1990 G-R-H deficit estimate above the sequester trigger level, thus forcing automatic reductions.

Table 7.—MID-SESSION REVIEW: CHANGE IN G-R-H BASELINE FOR 1990

(In billions of dollars)

	Receipts	Outlays	Deficit
February G-R-H baseline estimate	1,059.9	1,186.6	126.6
Major changes due to:			
Policy:			
Legislation and regulations:			
Supplemental Appropriations Act, 1989	—	0.9	0.9
Other (including debt service)	—	0.1	0.1
Subtotal, legislation and regulations	—	0.9	0.9
Other:			
Defense pay date	—	−2.9	−2.9
Commodity Credit Corporation	—	−0.9	−0.9
Food stamps cash recovery	—	−0.5	−0.5
Debt service	—	0.1	0.1
Subtotal, policy	—	−3.3	−3.3
Economic assumptions:			
Receipts	4.8	—	−4.8
Outlays:			
Net interest (including debt service)	—	4.7	4.7
Other	—	6.5	6.5
Subtotal, economic assumptions	4.8	11.2	6.4
Technical reestimates:			
Receipts	9.6	—	−9.6
Outlays:			
Defense (retirement accrual)	—	−2.7	−2.7
Federal Savings and Loan Insurance Corporation	—	13.1	13.1
Federal Deposit Insurance Corporation	—	3.2	3.2
Federal Housing Administration	—	0.8	0.8
Food stamps	—	0.8	0.8
Medicaid	—	1.5	1.5
VA compensation and pensions	—	−1.4	−1.4
Veterans housing	—	−0.5	−0.5
Other outlays (net) including debt service	—	−2.6	−2.6
Subtotal, technical reestimates	9.6	12.2	2.6
Adjustments required by law:			
Adjustment for aggregate spendout rate requirement (defense)	—	−4.1	−4.1
Debt service	—	−0.2	−0.2
Total changes	14.4	15.8	1.4
Current G-R-H baseline estimate	1,074.3	1,202.4	128.1
MEMORANDUM			
G-R-H Deficit Target for 1990			100.0

Economic and Technical Changes Since February

Table 7 shows the major changes in the G-R-H baseline estimates since February. With a few notable exceptions, the changes are for the same economic and technical reasons as discussed in Sections III and IV.

The principal exception is the adjustment for the G-R-H aggregrate spendout rate requirement. The Act specifically requires that in developing the G-R-H baseline the Director of OMB shall assume that the aggregate spendout rate from sequesterable discretionary resources for defense and nondefense programs not differ by more than one-half a percentage point from the comparable rates contained in the sequester report submitted for the previous fiscal year. The estimates for nondefense programs meet this requirement. To meet the requirement for defense programs, however, an adjustment to reduce estimated outlays from new budgetary resources by $4.1 billion is needed to reduce the aggregate spendout rate to within one-half a percentage point of the benchmark rate. The adjustment was not reflected in earlier baseline estimates. (*Note:* Although this adjustment is correct for G-R-H purposes, in this instance it results in a defense outlay figure in the baseline that is lower than a realistic estimate of what actual outlays would be.)

Two other significant changes have been made to the baseline estimates for defense programs. As a result of revised actuarial estimates, the budget authority and outlay estimates associated with DOD-Military payments to the trust fund for military retirement benefits have been reduced by $2.7 billion to conform with the assumptions used in the Presidential policy estimates. This reestimate also puts the G-R-H baseline estimates for defense personnel account payments to the military retirement trust fund on the same technical basis as CBO's baseline estimates. As discussed in the outlays section, a change in military personnel accounts was made to reflect the decision of the Secretary of Defense to pay military personnel their October 1, 1989 paychecks on Friday, September 29th.

Baseline outlays have also been reduced as a result of discretionary policy actions for food stamps cash recovery and for Commodity Credit Corporation advance deficiency payments.

Revised economic assumptions increase the baseline deficit by a net of $6.4 billion compared to the February estimates. Other major technical reestimates include a $9.6 billion increase in estimated budget receipts, a $13.1 billion increase in outlays for the Federal Savings and Loan Insurance Corporation (FSLIC) fund, and a $3.2 billion increase in outlays for the Federal Deposit Insurance Corporation (FDIC) fund as shown in Table 7.

Note: Because OMB is precluded by the Act from changing its technical and economic assumptions for the 1990 G-R-H baseline after the issuance of this report, significant new information that may be available prior to the August and October Sequestration Reports will not be reflected in those reports.

Sequestration Calculations

If no additional policy actions were taken to reduce the current G-R-H baseline deficit estimates before the final sequestration report is issued on October 16th, an outlay reduction of $28.1 billion, the difference between the current deficit and the target of $100 billion, would be required. The reductions would be determined using the following steps, as shown in Table 8.

First, one-half of the required deficit reduction, $14.0 billion, would be assigned to defense programs (budget accounts in the national defense function, 050, excluding the Federal Emergency Management Agency) and the other half to nondefense programs.

Second, savings from eliminating automatic spending increases in three specific programs (the National Wool Act, the special milk program, and vocational rehabilitation) would be applied to the required reduction in outlays for nondefense programs. For 1990, only vocational rehabilitation State

grants and the special milk program are estimated to have automatic spending increases. Savings from eliminating these adjustments would be $48 million.

Third, the amount of outlay savings to be obtained by applying four special rules would be calculated. These special rules are for guaranteed student loans, foster care and adoption assistance, medicare and certain other health programs. The estimated savings from these special rules, $1.8 billion for 1990, would be applied toward the required spending reductions in nondefense programs.

Table 8.—MID-SESSION REVIEW: SEQUESTRATION CALCULATIONS FOR 1990

(Dollar amounts in billions)

	Estimate
Required deficit reduction	28.1
Defense Programs: [1]	
Total required outlay reductions	14.0
Estimated outlays associated with across-the-board sequesterable budgetary resources	187.6
Uniform reduction percentage	7.5%
Nondefense programs:	
Total required outlay reductions	14.0
Estimated savings from automatic spending increases	*
Estimated savings from the application of special rules:	
Guaranteed student loans	*
Foster care and adoption assistance	*
Medicare	1.5
Other health programs	0.2
Amount remaining to be obtained from uniform percentage reductions of budgetary resources	12.2
Estimated outlays associated with across-the-board sequesterable budgetary resources [2]	118.2
Uniform reduction percentage	10.3%
MEMORANDUM	
Defense with all military personnel accounts exempt:	
Total required outlay reductions	14.0
Estimated outlays associated with across-the-board sequesterable budgetary resources	112.5
Uniform reduction percentage	12.5%

*$50 million or less.

[1] Excludes Federal Emergency Management Agency accounts.

[2] Includes $6.3 billion in estimated 1991 outlays for the Commodity Credit Corporation and $3.6 billion in outlays from offsetting collections that can be affected by a 1990 sequester.

The reductions in defense programs and remaining reductions in nondefense programs would be taken on a uniform percentage basis, computed separately for each category. The uniform reduction percentages are computed from outlay estimates. The remaining outlay savings to be achieved separately in defense and nondefense spending would be divided by the estimated outlays associated with sequesterable budgetary resources in each category. The two resulting uniform reduction percentages for defense and nondefense would then be applied separately to all of the remaining sequesterable budgetary resources (budget authority, credit authority, and other spending authority) in each category.

Under current estimates, the uniform percentage reductions would be 10.3 percent for nondefense programs. For defense programs, the uniform percentage reduction would be 7.5 percent if military

personnel accounts were sequesterable and 12.5 percent if these accounts were exempted President from sequestration.

Tables 18 and 19 at the end of this report show the current pre- and post-sequester G-R-H b estimates by agency and by function.

VIII. SUMMARY TABLES

Table 9.—MID-SESSION REVIEW: OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	Estimate					
	1989	1990	1991	1992	1993	1994
Mandatory programs:						
Human resources programs:						
Education, training, employment, and social services	10.0	10.2	10.1	9.8	9.6	9.7
Health:						
Medicaid	34.7	39.1	43.0	47.8	52.5	57.1
Other	1.6	3.0	4.0	5.1	5.8	6.7
Total health	36.3	42.1	47.0	52.9	58.3	63.8
Medicare	84.0	97.0	112.1	128.4	142.9	160.7
Income security:						
Retirement and disability	49.3	53.6	56.3	59.7	63.1	66.4
Unemployment compensation	13.9	15.6	15.7	16.2	16.6	17.4
Food and nutrition assistance	19.2	20.9	22.6	23.6	24.7	25.9
Other	32.5	32.9	35.0	36.6	38.4	41.0
Total income security	114.8	123.0	129.6	136.1	142.8	150.7
Social security	230.0	246.7	263.5	279.4	295.7	311.5
Veterans benefits and services:						
Income security for veterans	16.6	15.2	16.6	17.1	17.4	18.9
Other	1.1	0.6	0.7	0.5	0.5	0.5
Total veterans benefits and services	17.7	15.8	17.3	17.6	17.9	19.3
Total mandatory human resources programs	492.7	534.9	579.5	624.0	667.2	715.7
Other mandatory programs:						
International affairs	−0.7	−0.6	−0.9	−1.2	−1.2	−1.1
Energy	−0.8	−1.2	−1.0	−0.7	−0.9	−0.7
Agriculture	17.5	15.3	17.3	16.6	14.9	13.6
Commerce and housing credit	19.5	23.1	19.1	9.4	9.3	9.1
Community and regional development	1.4	1.1	1.0	0.9	0.9	0.9
General government	0.9	0.8	0.8	1	0.9	0.9
Other functions	0.1	0.2	0.2	−0.1	−0.2	−0.3
Total other mandatory programs	37.9	38.8	36.5	25.9	23.7	22.3
Total mandatory programs	530.6	573.7	616.0	649.9	690.8	738.0
Net interest:						
Interest on the public debt	239.3	256.2	261.4	262.2	263.9	264.9
Interest received by:						
On-budget trust funds	−39.8	−44.8	−48.5	−51.0	−53.0	−54.8
Off-budget trust funds	−11.3	−16.0	−20.[illegible]	−25.6	−30.4	−35.6
Other interest	−19.1	−18.4	−17.[illegible]	−16.3	−14.4	−14.7
Total net interest	169.1	176.9	175.1	169.2	166.0	159.8
Undistributed offsetting receipts:						
Employer share, employee retirement:						
On-budget	−29.4	−28.0	−29.1	−30.0	−30.9	−32.0
Off-budget	−4.9	−5.6	−5.9	−6.4	−7.0	−7.5
Rents and royalties on the Outer Continental Shelf	−2.9	−3.2	−3.2	−3.1	−3.1	−3.3
Total undistributed offsetting receipts	−37.1	−36.7	−38.2	−39.5	−41.0	−42.8
Total Outlays for Mandatory and Related Programs Under Current Law	662.6	713.9	752.9	779.7	815.8	855.0

Section 221(b) of the Legislative Reorganization Act of 1970 (30 USC 1106) requires that the Mid-Session Review include a summary "for the four fiscal years following the fiscal year for which the budget is submitted, information on estimated expenditures for programs authorized to continue in future years, or that are considered mandatory, under current law." In previous years this data requirement was met by reporting the estimated outlays for "open-ended programs and fixed costs" from the "Controllability of Budget Outlays" data base. However, in recent years both the Administration and the Congress have come to focus much more on the mandatory/discretionary splits commonly used in the budget process. In order to conform this information base more closely to the categories in common use, the data in Table 9 are not derived on this reporting basis.

Table 10.—MID-SESSION REVIEW: ESTIMATED SPENDING FROM END OF 1990 BALANCES OF BUDGET AUTHORITY: NONMANDATORY PROGRAMS

(In billions of dollars)

	Total
Total balances, end of 1990 (Mid-Session estimate)	622.3
Spending from 1990 balances in:	
1991	224.4
1992	131.9
1993	83.3
1994	57.6
Expiring balances, 1991 through 1994	—
Unexpended balances as of the end of 1994	125.1

The law requires a projection of estimated spending in the four succeeding fiscal years from the balances of budget authority outstanding at the end of 1990. These estimates for relatively controllable programs are provided in Table 10. Table 10 also provides the estimated amount of budget authority that will remain unexpended or that will have expired at the end of 1994.

The amount of budget authority balances for nonmandatory programs at the end of 1990 is estimated to total $622.3 billion. It is estimated that $224.4 billion (36 percent) will be spent in 1991 and that $131.9 billion (21 percent) will be spent in 1992. None of the balances are projected to expire between 1991 and 1994. At the end of 1994, it is estimated that $125.1 billion (20 percent) will still be unexpended.

Table 11.—MID-SESSION REVIEW: RECEIPTS BY MAJOR SOURCE

(In billions of dollars)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
Individual income taxes	401.2	445.3	484.6	515.5	550.0	580.7	609.9
Corporation income taxes	94.5	105.8	117.0	127.1	135.5	150.8	157.4
Social insurance taxes and contributions	334.3	361.5	387.5	415.8	441.6	472.9	501.7
On-budget	(92.8)	(96.7)	(100.7)	(104.9)	(109.8)	(116.1)	(122.0)
Off-budget	(241.5)	(264.7)	(286.8)	(310.9)	(331.8)	(356.8)	(379.7)
Excise taxes	35.2	34.1	33.7	31.4	30.8	31.4	31.8
Estate and gift taxes	7.6	8.5	8.8	9.0	9.3	9.4	9.5
Customs duties and fees	16.2	17.2	18.5	19.8	21.2	22.6	24.1
Miscellaneous receipts	19.9	22.7	24.3	24.2	24.2	24.0	24.3
Proposed Legislation	—	0.7	5.8	9.0	8.3	6.7	−2.4
Total receipts	909.0	995.9	1,080.1	1,151.8	1,220.9	1,298.3	1,356.4
ADDENDUM							
On-budget	667.5	731.1	793.3	841.0	889.1	941.5	976.7
Off-budget	241.5	264.7	286.8	310.9	331.8	356.8	379.7

Table 12.—MID-SESSION REVIEW: OUTLAYS BY AGENCY

(In billions of dollars)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
Legislative Branch	1.9	2.2	2.5	2.4	2.5	2.5	2.5
The Judiciary	1.3	1.5	1.8	1.9	2.0	2.0	2.0
Executive Office of the President	0.1	0.1	0.1	0.3	0.3	0.3	0.3
Funds Appropriated to the President	7.3	5.5	11.1	10.8	11.2	11.2	11.3
Agriculture	44.0	51.4	45.9	50.4	49.1	47.9	47.7
Commerce	2.3	2.8	3.5	2.4	2.2	2.1	1.9
Defense—Military	281.9	292.7	286.9	297.9	306.8	317.4	329.5
Defense—Civil	22.0	23.4	24.7	25.4	26.2	27.1	28.0
Education	18.2	21.3	22.4	22.7	22.7	22.9	23.3
Energy	11.2	11.4	12.7	13.1	14.6	15.4	15.8
Health and Human Services, except Social Security	159.1	174.0	190.2	211.3	234.1	255.3	280.5
Health and Human Services, Social Security	214.5	227.1	242.9	260.8	276.0	291.8	307.2
Housing and Urban Development	18.9	20.2	20.1	21.7	21.8	22.5	22.9
Interior	5.1	5.5	5.0	5.0	4.7	2.5	4.5
Justice	5.4	6.1	7.1	8.1	8.4	8.5	8.4
Labor	21.9	22.6	24.5	25.0	25.7	26.5	27.3
State	3.4	3.7	3.9	3.9	4.0	4.1	4.2
Transportation	26.4	27.0	27.2	27.4	27.3	27.3	27.2
Treasury	202.4	230.5	249.5	257.2	258.7	261.5	264.1
Veterans Affairs	29.3	30.3	28.0	29.8	30.4	31.0	33.1
Environmental Protection Agency	4.9	5.2	5.5	5.6	5.3	4.9	4.7
General Services Administration	–0.3	–0.3	0.2	0.5	0.1	0.2	0.1
National Aeronautics and Space Administration	9.1	10.6	12.6	14.3	15.5	16.1	16.6
Office of Personnel Management	29.2	30.2	33.8	33.2	34.7	36.9	39.2
Small Business Administration	–0.1	0.1	–1.1	–0.1	–*	0.1	0.2
Other Independent Agencies	23.4	27.4	14.6	11.8	14.1	13.8	11.4
Allowances	—	—	1.9	5.0	6.3	2.6	2.6
Undistributed Offsetting Receipts:							
Interest received by:							
On-budget trust funds	–34.5	–39.8	–44.9	–48.8	–51.7	–54.1	–56.3
Off-budget trust funds	–7.4	–11.3	–15.1	–20.0	–24.8	–29.6	–34.8
Outer Continental Shelf escrow account	–*	—	–0.5	—	—	—	—
Employer share, employee retirement:							
On-budget	–29.0	–29.4	–27.8	–28.8	–29.7	–30.8	–32.1
Off-budget	–4.4	–4.9	–5.6	–5.9	–6.4	–7.0	–7.5
Rents and royalties on the Outer Continental Shelf	–3.5	–2.9	–3.2	–3.2	–3.1	–3.1	–3.3
Sale of major assets	—	—	–0.1	–2.2	–0.5	–0.5	–0.5
Other undistributed offsetting receipts	—	—	–0.9	–1.6	–0.6	–0.6	–1.0
Total, undistributed offsetting receipts	–78.9	–88.3	–98.0	–110.4	–116.8	–125.8	–135.4
Total outlays	1,064.0	1,144.1	1,179.4	1,237.2	1,287.7	1,328.6	1,381.1
ADDENDUM							
On-budget	861.4	933.2	957.1	1,002.3	1,042.8	1,073.4	1,116.2
Off-budget	202.7	211.0	222.3	234.9	244.8	255.3	264.9

*$50 million or less

Table 13.—MID-SESSION REVIEW: OUTLAYS BY FUNCTION

(In billions of dollars)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
National defense	290.4	301.2	296.3	308.4	318.1	329.2	341.5
Defense—Military	(281.9)	(292.7)	(286.9)	(297.9)	(306.8)	(317.4)	(329.5)
Other	(8.4)	(8.5)	(9.4)	(10.5)	(11.2)	(11.8)	(12.0)
International affairs	10.5	10.7	16.4	16.1	16.4	16.4	16.5
General science, space, and technology	10.8	12.6	14.9	17.0	18.4	19.4	20.3
Energy	2.3	4.0	3.0	2.6	3.2	2.9	2.9
Natural resources and environment	14.6	16.4	16.3	16.5	15.5	12.7	14.3
Agriculture	17.2	19.9	16.2	17.3	15.9	14.0	12.7
Commerce and housing credit	18.8	22.9	7.3	5.0	5.6	5.4	2.8
Transportation	27.3	28.0	28.2	28.5	28.4	28.4	28.3
Community and regional development	5.3	5.7	6.2	6.2	5.6	5.2	5.1
Education, training, employment, and social services	31.9	36.4	37.5	40.4	40.4	41.1	42.0
Health	44.5	49.6	56.4	60.5	66.5	72.0	77.5
Medicare	78.9	86.2	97.1	112.3	128.3	142.5	160.0
Income security	129.3	136.6	145.4	151.3	157.3	164.6	172.5
Social security	219.3	232.4	249.1	265.8	281.6	297.8	313.6
On-budget	(4.9)	(5.2)	(6.2)	(5.0)	(5.6)	(6.0)	(6.4)
Off-budget	(214.5)	(227.1)	(242.9)	(260.8)	(276.0)	(291.8)	(307.2)
Veterans benefits and services	29.4	30.3	28.0	29.9	30.5	31.1	33.2
Administration of justice	9.2	9.6	10.5	11.6	11.9	12.0	11.8
General government	9.5	9.7	10.0	11.0	10.6	10.3	10.2
Net interest	151.7	169.1	176.3	173.8	167.4	162.8	157.6
On-budget	(159.2)	(180.4)	(191.4)	(193.7)	(192.2)	(192.5)	(192.4)
Off-budget	(–7.4)	(–11.3)	(–15.1)	(–20.0)	(–24.8)	(–29.6)	(–34.8)
Allowances	—	—	1.9	5.0	6.3	2.6	2.6
Undistributed Offsetting Receipts:							
Employer share, employee retirement:							
On-budget	–29.0	–29.4	–27.8	–28.8	–29.7	–30.8	–32.1
Off-budget	–4.4	–4.9	–5.6	–5.9	–6.4	–7.0	–7.5
Rents and royalties on the Outer Continental Shelf	–3.5	–2.9	–3.2	–3.2	–3.1	–3.1	–3.3
Sale of major assets	—	—	–0.1	–2.2	–0.5	–0.5	–0.5
Other undistributed offsetting receipts	—	—	–0.9	–1.6	–0.6	–0.6	–1.0
Total, undistributed offsetting receipts	–37.0	–37.1	–37.5	–41.7	–40.3	–42.0	–44.3
Total outlays	1,064.0	1,144.1	1,179.4	1,237.2	1,287.7	1,328.6	1,381.1
ADDENDUM							
On-budget	861.4	933.2	957.1	1,002.3	1,042.8	1,073.4	1,116.2
Off-budget	202.7	211.0	222.3	234.9	244.8	255.3	264.9

Table 14.—MID-SESSION REVIEW: BUDGET AUTHORITY BY AGENCY

(In billions of dollars)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
Legislative Branch	2.1	2.1	2.5	2.4	2.5	2.5	2.5
The Judiciary	1.3	1.5	1.8	2.0	2.0	2.1	2.1
Executive Office of the President	0.1	0.1	0.3	0.3	0.3	0.3	0.3
Funds Appropriated to the President	11.7	10.0	11.5	10.8	11.2	11.9	12.2
Agriculture	55.2	58.6	53.0	54.9	56.2	55.5	52.8
Commerce	2.4	2.8	3.2	2.2	1.9	2.0	1.9
Defense—Military	283.8	290.2	295.6	311.0	322.0	335.9	349.8
Defense—Civil	36.3	38.0	38.2	40.4	42.5	44.7	46.7
Education	20.2	22.9	23.5	22.9	23.0	23.3	23.7
Energy	11.2	11.9	14.1	15.2	16.5	16.4	16.6
Health and Human Services, except Social Security	177.0	196.3	214.3	230.7	251.7	274.6	297.9
Health and Human Services, Social Security	253.3	280.9	307.5	336.8	363.0	393.4	422.0
Housing and Urban development	14.9	14.6	15.4	24.0	22.0	21.2	20.5
Interior	5.2	5.6	5.0	4.8	4.6	2.5	4.5
Justice	5.6	6.5	8.3	7.6	7.9	8.5	8.2
Labor	30.7	30.5	32.9	32.5	32.4	32.7	32.9
State	3.8	4.0	4.4	4.5	4.6	4.7	4.7
Transportation	27.2	28.4	27.8	27.7	27.9	27.7	27.9
Treasury	204.1	230.8	250.2	258.0	259.3	262.2	265.0
Veterans Affairs	29.4	29.9	29.2	30.2	30.8	31.3	31.9
Environmental Protection Agency	5.0	5.1	4.8	4.7	4.4	4.1	3.5
General Services Administration	0.2	0.1	0.1	0.1	0.1	0.1	0.1
National Aeronautics and Space Administration	9.1	11.0	13.1	15.0	16.1	16.5	16.9
Office of Personnel Management	48.1	50.6	54.5	55.8	57.9	59.9	62.1
Small Business Administration	0.4	0.5	0.4	0.3	0.3	0.4	0.4
Other Independent Agencies	25.9	28.7	17.9	17.8	21.3	21.8	19.9
Allowances	—	—	11.4	1.2	0.9	1.9	2.2
Undistributed offsetting receipts:							
Interest received by:							
On-budget trust fund	−34.5	−39.8	−44.9	−48.8	−51.7	−54.1	−56.3
Off-budget trust fund	−7.4	−11.3	−15.1	−20.0	−24.8	−29.6	−34.8
Outer Continental Shelf escrow account	−*	—	−0.5	—	—	—	—
Employer share, employee retirement:							
On-budget	−29.0	−29.4	−27.8	−28.8	−29.7	−30.8	−32.1
Off-budget	−4.4	−4.9	−5.6	−5.9	−6.4	−7.0	−7.5
Rents and royalties on the Outer Continental Shelf	−3.5	−2.9	−3.2	−3.2	−3.1	−3.1	−3.3
Sale of major assets	—	—	−0.1	−2.2	−0.5	−0.5	−0.5
Other undistributed offsetting receipts	—	—	−0.9	−1.6	−0.6	−0.6	−1.0
Total, undistributed offsetting receipts	−78.9	−88.3	−98.0	−110.4	−116.8	−125.8	−135.4
Total budget authority	**1,185.5**	**1,273.3**	**1,342.7**	**1,403.2**	**1,466.6**	**1,532.1**	**1,593.9**
ADDENDUM							
On-budget	944.0	1,008.6	1,055.9	1,092.4	1,134.8	1,175.3	1,214.2
Off-budget	241.5	264.7	286.8	310.9	331.8	356.8	379.7

*$50 million or less

Table 15.—MID-SESSION REVIEW: BUDGET AUTHORITY BY FUNCTION

(In billions of dollars)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
National defense	292.0	298.8	305.5	322.0	333.5	347.9	361.9
Department of Defense—Military	(283.8)	(290.2)	(295.6)	(311.0)	(322.0)	(335.9)	(349.8)
Other	(8.3)	(8.6)	(9.9)	(11.0)	(11.5)	(12.0)	(12.1)
International affairs	17.2	16.3	18.6	17.9	18.5	19.5	19.6
General science, space, and technology	10.9	13.0	15.6	17.8	19.3	20.1	20.9
Energy	5.5	4.5	4.4	4.2	5.0	4.3	4.7
Natural resources and environment	15.4	16.8	14.6	15.1	14.3	11.8	13.1
Agriculture	18.4	24.5	19.8	19.4	21.0	19.3	15.3
Commerce and housing credit	22.7	24.2	14.2	12.7	14.0	14.1	11.8
Transportation	28.1	29.4	28.8	28.8	29.1	28.8	29.0
Community and regional development	8.8	6.7	6.4	6.6	5.6	5.5	5.6
Education, training, employment, and social services	35.0	38.6	38.7	40.4	40.5	41.4	42.4
Health	45.6	51.6	57.9	61.4	67.1	72.7	78.4
Medicare	94.2	107.4	120.8	131.5	146.0	161.7	177.1
Income security	169.3	173.8	182.4	198.3	203.2	209.2	216.2
Social security	258.1	286.1	313.6	341.7	368.6	399.3	428.4
On-budget	(4.9)	(5.2)	(6.2)	(5.0)	(5.6)	(6.0)	(6.4)
Off-budget	(253.3)	(280.9)	(307.5)	(336.8)	(363.0)	(393.4)	(422.0)
Veterans benefits and services	29.5	30.0	29.3	30.3	30.9	31.4	32.0
Administration of justice	9.4	10.0	11.6	11.2	11.5	12.1	11.8
General government	10.4	9.6	10.0	10.6	10.6	10.3	10.2
Net interest	151.7	169.1	176.3	173.8	167.4	162.8	157.6
On-budget	(159.2)	(180.4)	(191.4)	(193.7)	(192.2)	(192.5)	(192.4)
Off-budget	(−7.4)	(−11.3)	(−15.1)	(−20.0)	(−24.8)	(−29.6)	(−34.8)
Allowances	—	—	11.4	1.2	0.9	1.9	2.2
Undistributed offsetting receipts:							
Employer share, employee retirement:							
On-budget	−29.0	−29.4	−27.8	−28.8	−29.7	−30.8	−32.1
Off-budget	−4.4	−4.9	−5.6	−5.9	−6.4	−7.0	−7.5
Rents and royalties on the Outer Continental Shelf	−3.5	−2.9	−3.2	−3.2	−3.1	−3.1	−3.3
Sale of major assets	—	—	−0.1	−2.2	−0.5	−0.5	−0.5
Other undistributed offsetting receipts	—	—	−0.9	−1.6	−0.6	−0.6	−1.0
Total undistributed offsetting receipts	−37.0	−37.1	−37.5	−41.7	−40.3	−42.0	−44.3
Total budget authority	**1,185.5**	**1,273.3**	**1,342.7**	**1,403.2**	**1,466.6**	**1,532.1**	**1,593.9**
ADDENDUM							
On-budget	944.0	1,008.6	1,055.9	1,092.4	1,134.8	1,175.3	1,214.2
Off-budget	241.5	264.7	286.8	310.9	331.8	356.8	379.7

Table 16.—MID-SESSION REVIEW: NEW DIRECT LOAN OBLIGATIONS BY AGENCY

(Calendar years; dollar amounts in billions)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
Funds Appropriated to the President	4.2	0.4	*	*	*	*	*
Agriculture	19.7	13.2	10.6	11.0	10.5	9.6	8.7
Education	0.1	*	—	—	—	—	—
Housing and Urban Development	0.7	0.5	0.2	0.2	0.2	0.2	0.2
Transportation	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Veterans Affairs	0.9	0.9	0.8	0.7	0.6	0.6	0.7
Small Business Administration	0.3	0.2	—	—	—	—	—
Other Independent Agencies:							
Export-Import Bank	0.7	0.7	0.5	0.5	0.5	0.5	0.5
Federal Home Loan Bank Board (FSLIC)	0.1	0.1	*	*	*	*	*
National Credit Union Administration	0.1	0.1	*	*	*	*	*
Tennessee Valley Authority	0.4	0.3	0.3	0.3	0.3	0.4	0.3
Total	27.2	16.6	12.5	12.9	12.3	11.4	10.6

*$50 million or less.

Table 17.—MID-SESSION REVIEW: NEW GUARANTEED LOAN COMMITMENTS BY AGENCY

(In billions of dollars)

	Actual 1988	Estimates					
		1989	1990	1991	1992	1993	1994
Funds Appropriated to the President	2.8	5.3	0.3	0.4	0.4	0.4	0.4
Agriculture	7.9	7.5	10.8	10.1	10.1	10.1	10.1
Commerce	0.1	0.1	—	—	—	—	—
Education	11.8	11.9	12.6	13.5	14.4	15.4	16.4
Health and Human Services	0.2	0.2	0.1	0.1	0.1	*	*
Housing and Urban Development	50.3	48.1	57.8	59.8	61.8	63.5	65.2
Treasury	0.5	0.6	0.6	0.4	0.5	—	—
Veterans Affairs	17.7	12.4	13.3	14.5	14.4	13.9	12.9
Small Business Administration	3.6	3.8	3.5	3.5	3.5	3.5	3.5
Other Independent Agencies:							
Export-Import Bank	5.7	10.2	10.4	10.6	10.7	10.8	10.9
Federal Home Loan Bank Board (FSLIC)	0.1	0.1	*	*	*	*	*
Total	100.7	100.3	109.5	112.8	115.9	117.7	119.5

*$50 million or less

Table 18.—MID-SESSION REVIEW: 1990 G-R-H BASELINE ESTIMATES BY AGENCY

(In billions of dollars)

	Baseline		Post Sequester	
	Budget Authority	Outlays	Budget Authority	Outlays
Legislative Branch	2.2	2.2	2.0	2.0
The Judiciary	1.7	1.6	1.5	1.5
Executive Office of the President	0.1	0.1	0.1	0.1
Funds appropriated to the President	11.6	11.3	10.3	10.7
Agriculture	58.3	51.0	56.5	49.3
Commerce	2.9	2.9	2.6	2.7
Defense—Military	298.7	282.3	276.2	268.6
Defense—Civil	38.5	24.8	38.1	24.6
Education	23.1	22.7	21.1	22.2
Energy	12.8	11.7	11.6	10.8
Health and Human Services, except social security	216.4	193.7	212.3	190.4
Health and Human Services, social security	308.4	243.9	308.4	243.8
Housing and Urban Development	15.6	21.5	14.2	21.3
Interior	5.6	5.5	4.9	5.0
Justice	6.8	6.5	6.1	6.0
Labor	33.1	24.5	32.5	24.1
State	4.1	3.7	3.8	3.5
Transportation	28.7	28.1	25.8	27.1
Treasury	249.1	248.4	247.0	246.4
Veterans Affairs	30.6	29.3	30.1	28.9
Environmental Protection Agency	5.3	5.4	4.7	5.3
General Services Administration	0.1	0.2	0.1	0.2
National Aeronautics and Space Administration	11.2	11.5	10.0	10.8
Office of Personnel Management	54.8	34.4	54.4	34.4
Small Business Administration	0.5	0.2	0.5	0.1
Other independent agencies	36.8	33.0	35.8	32.2
Allowances	0.0	0.0	0.0	0.0
Undistributed offsetting receipts	−98.1	−98.1	−98.1	−98.1
Total	**1,358.8**	**1,202.4**	**1,312.6**	**1,173.7**

Table 19.—MID-SESSION REVIEW: 1990 G-R-H BASELINE ESTIMATES BY FUNCTION

(In billions of dollars)

	Baseline		Post Sequester	
	Budget Authority	Outlays	Budget Authority	Outlays
National defense	307.6	291.1	284.5	277.0
International affairs	18.5	16.3	16.6	15.3
General science, space, and technology	13.3	13.6	11.9	12.8
Energy	6.1	4.1	5.5	3.6
Natural resources and environment	16.4	17.0	14.3	15.8
Agriculture	21.8	17.9	20.9	16.9
Commerce and housing credit	31.9	26.6	31.6	26.1
Transportation	29.7	29.1	26.7	28.0
Community and regional development	6.8	6.8	6.2	6.7
Education, training, employment, and social services	37.9	38.2	34.6	36.9
Health	58.0	56.6	56.2	55.8
Medicare	121.8	99.7	120.2	97.9
Income security	184.0	146.5	182.5	145.7
Social security	313.7	249.2	313.7	249.1
Veterans benefits and services	30.8	29.4	30.2	29.0
Administration of justice	10.3	10.1	9.2	9.2
General government	10.1	10.2	9.0	9.2
Net interest	176.8	176.8	175.4	175.4
Allowances	0.0	0.0	0.0	0.0
Undistributed offsetting receipts	−36.7	−36.7	−36.7	−36.7
Total	1,358.8	1,202.4	1,312.6	1,173.7

Table 20.—MID-SESSION REVIEW: 1990 PROPOSED ASSET SALES

(Outlays in billions)

LOAN ASSETS	
Department of Agriculture:	
Rural housing insurance fund	–1.3
Rural development insurance fund	–0.1
Rural electrification and telephone fund	–0.7
Rural telephone bank	–0.1
Department of Commerce:	
Economic Development Administration	–0.2
Department of Education:	
College housing and academic facilities	–0.3
Department of Health and Human Services:	
HMOs and medical facilities	–0.1
Department of Housing and Urban Development:	
Elderly and handicapped fund	–1.5
Small Business Administration:	
Business and disaster loans	–1.0
District of Columbia:	
Loans for capital outlay	–0.4
Subtotal, loan assets	–5.6
PHYSICAL ASSETS	
Department of Energy:	
Alaska Power Marketing Administration	–0.1
Department of the Interior:	
Helium operations	–*
Subtotal, physical assets	–0.1
Total, sales	–5.7

*$50 million or less.

Table 21.—MID-SESSION REVIEW: FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

	1988 Actual	1989 Estimate	1990 Estimate
Financing:			
Surplus or deficit (–)	–155.1	–148.3	–99.2
On-budget	(–193.9)	(–202.1)	(–163.8)
Off-budget	(38.8)	(53.8)	(64.5)
Means of financing other than borrowing from the public:			
Decrease or increase (–) in Treasury operating cash balance	–8.0	14.4	—
Increase or decrease (–) in:			
Checks outstanding, etc.[1]	0.5	5.8	0.5
Deposit fund balances	–0.6	–0.1	–0.9
Seigniorage on coins	0.5	0.6	0.6
Proceeds from the sale of loan assets with recourse	0.6	*	—
Postal Service deficit (–)[2]	—	—	–2.3
Total, means of financing other than borrowing from the public	–7.0	20.7	–2.2
Total, requirements for borrowing from the public[3]	–162.1	–127.6	–101.4
Change in debt held by the public[3]	162.1	127.6	101.4
Debt Outstanding, End of Year:			
Gross Federal debt:			
Debt issued by Treasury[3]	2,588.3	2,829.8	3,061.6
Debt issued by other agencies	12.5	23.7	23.2
Total, gross Federal debt[3]	2,600.8	2,853.5	3,084.8
Held by:			
Government accounts	550.6	675.7	805.6
The public[3]	2,050.2	2,177.8	2,279.2
Debt Subject to Statutory Limit, End of Year:			
Debt issued by Treasury[3]	2,588.3	2,829.8	3,061.6
Deduct (–): Treasury debt not subject to limit[4]	–15.4	–15.6	–15.6
Agency debt subject to limit	0.1	0.4	0.7
Unamortized discount or premium (–) on Treasury debt held by the public[3]	13.9	24.8	49.9
Total, debt subject to statutory limit[5]	2,586.9	2,839.4	3,096.7

*$50 million or less.

[1] Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit from the sale of gold.

[2] Proposed to be excluded from the budget as of 1990; included in the on–budget surplus or deficit for all previous years.

[3] Treasury securities held by the public are measured as the par value less unamortized discount (less premium).

[4] Consists of Federal Financing Bank debt and other Treasury debt not subject to statutory limitation.

[5] The statutory debt limit is $2,800 billion.

U.S. GOVERNMENT PRINTING OFFICE : 1989 O - 236-289 QL 3